Submitted by
M. McKeon.

Arkansas
Association
Of
Student
Financial
Aid
Administrators,
Inc.

Web Address:
www.aasfaa.net

Mailing Address:
AASFAA
c/o Becky Hammett
Financial Aid Office
PO Box 3074
Monticello, AR 71656-3074
(870) 460-1050

March 16, 2009

Dear Congressman / Senator ____________:

On behalf of the Arkansas Association of Student Financial Aid Administrators (AASFAA), I am requesting your careful consideration in determining the future of the Federal Family Education Loan Program (FFELP). Our association supports a thorough analysis of both FFELP and the Federal Direct Loan Program in order to determine how we can best serve the financing needs of our students. We hope Congress will address the future of federal student loans cautiously before eliminating a program that has served our state efficiently and effectively for four decades.

We applaud many of President Obama's education initiatives; however, the proposal to shift entirely to the Federal Direct Loan Program by July 2010 appears to be moving with unnecessary haste. FFELP is the program of choice for almost every Arkansas college and university with 98% of federal loans being made through the FFELP program in the 2008-2009 academic year. Approximately $500 million in FFELP loans and approximately $7 million in Federal Direct Loans were made in Arkansas during the current academic year.

We have the following concerns:

1. The Department of Education's ability to manage a 400% increase in national loan volume during the next 15 months.
2. Students whose loans will be divided between two programs and the potential for increased defaults by our students.
3. The Department of Education has not reported default rates for loans originated in the Federal Direct Loan Program.
4. The significant system changes required to implement a new loan program on most every campus in Arkansas by 2010.

Choice and competition among student loan providers have greatly benefited colleges and universities as well as our students. Students and schools have benefited from the efficiencies developed in FFELP because loan providers have a constant incentive to be innovative and offer better services and lower rates. While FFEL and the Federal Direct Loan programs have served students effectively, please note that under FFELP, student loan providers do more than just offer student loans. In fact, most state-based student loan providers and many private lenders offer a variety of valuable college planning services.

Please consider our concerns as you work with your fellow members of Congress to address the education funding needs of Arkansas and our nation. The members of AASFAA exist solely to serve the education funding needs of Arkansas students. Please let me know if we can serve an informational resource for your office or provide assistance in any way.

Respectfully,

John Jefferson
AASFAA President
Director of Financial Aid, Southern Arkansas University Tech

April 1, 2009

The Honorable Kent Conrad
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Judd Gregg
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Conrad and Ranking Member Gregg:

I am writing to ask your consideration of the contributions by guaranty agencies to college access efforts as you decide on the future of the guaranty agencies and the FFELP program.

College Goal Sunday (CGS) is a volunteer-run program that assists, free of charge, students and families from underserved populations in the completion of the Free Application for Federal Student Aid (FAFSA) the form required to determine eligibility for federal and state financial aid to cover higher education expenses. In its 20th year of operation, 39 states with over 10,000 volunteers plan and implement this important program that provides financial aid access to thousands of students each year.

College Goal Sunday is currently funded by Lumina Foundation for Education that provides seed grants for states to operate the program with the expectation that states will procure local funding to sustain the program following the end of the grant period. Each state's guaranty agency has stepped up to the plate to provide both funding and in kind support in order for the College Goal Sunday program to continue to provide higher education outreach services to those students and families who have no college-going history, are from low-income homes or from racial/ethnic backgrounds that have low college attainment rates.

Each year more underserved populations are identified such as homeless and foster youth, returning veterans, dislocated workers and others who need assistance with completion of the FAFSA and information on additional financial aid resources. As the need grows and the resources decrease, the guaranty agencies have always filled the gaps in order that the program effectively reaches and serves deserving families and students.

Guaranty agencies provide volunteers, financial aid training, identification of underserved populations in their states, promotional materials, and many serve as the fiscal agents for the grants in order for a state to offer a program. They also provide sponsorship resources for the annual College Goal Sunday training forum that brings together all volunteers for training and sharing of best practices. Without support from guaranty agencies, this forum would not take place.

KASFAA
KENTUCKY
BLUEGRASS STATE

A PROFESSIONAL ASSOCIATION TO BETTER SERVE STUDENTS

KENTUCKY ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS, INC

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March 20, 2009

The Honorable Jim Bunning
316 Hart Senate Office Building
United States Senate
Washington, DC 20510

Dear Senator Bunning:

On behalf of the Kentucky Association of Student Financial Aid Administrators (KASFAA) Board of Directors, we are requesting that you consider opposing the Obama administration's budget proposal to end the successful Federal Family Education Loan (FFEL) program and have all new loans after June 30, 2010 made instead under the Federal Direct Loan Program. FFEL was established by the Higher Education Act of 1965 (then called "Guaranteed Student Loan"). This successful program has been in existence for over 40 years and now is in danger of being eliminated.

KASFAA is a professional association made up of approximately 300 student financial aid administrators across the Commonwealth of Kentucky. Our concerns are as follows:

- Students and parents would no longer have the option to choose the lender that works best for their family and situation. Loss of competition between the two programs could also adversely affect families, as incentives to be innovative and provide excellent customer service would no longer be in place.
- Colleges and universities would lose the ability to choose the loan program that best meets the needs of their campus. Institutions and the needs of their students and financial aid offices vary greatly, and a "one size fits all" solution would likely not be the best for all.
- Elimination of FFEL would mean the loss of outreach services and college access activities provided by FFEL lenders and guarantors. The Commonwealth's goals to increase the college going rate and thus improve the education levels and quality of life in Kentucky would be negatively impacted by this.
- Loss of FFEL lender and guarantor partners would adversely affect the professional development activities of KASFAA. Complex federal and state regulations make these activities crucial to staying current in our profession and maintaining regulatory compliance.

Missouri Association of Student Financial Aid Personnel
Established 1967

March 17, 2009

The Honorable Claire McCaskill
Hart Senate Office Building, SH-717
Washington, D.C. 20510

Dear Senator McCaskill:

On behalf of the Missouri Association of Student Financial Aid Personnel, I am requesting that you oppose the Obama administration's budget proposal to eliminate the Federal Family Education Loan Program (FFELP). FFELP was established over 40 years ago by the Higher Education Act of 1965. FFELP has served as a successful public/private partnership; and the proposal of the elimination of the FFEL Program ignores the private sector involvement in student lending. The majority (86%) of Missouri institutions of higher education currently participate in the FFEL Program; and if this budget is approved it will have a dramatic impact on Missouri students, parents, and Financial Aid Offices. Here are some key points:

The National Debt will be increased by $1 Trillion dollars over the next 10 years if Direct Lending is implemented.

- The entire cost of a Federal Direct Loan Program (DL) is not apparent. The exclusion of administrative costs from calculations gives a noticeable advantage to DL compared FFELP costs. Subsidy cuts to lenders are also not fully considered.
- Taxpayers lose more money when a student defaults on a DL than a FFEL loan. Taxpayers fund 100% of a DL default while only 90-95% for FFEL loans.
- According to Inside Higher Education, every $100 of FFEL loans issued during FY08 cost the government $1.72, while every $100 of DL loans cost $4.26.
- The current FFELP loan volume is approximately $65 Billion. Without FFELP, the US Treasury will lend approximately $65 billion more, potentially adding $100 billion to the federal deficit through increased DL.

FFELP lenders, servicers and guarantors provide programs and assistance to students and institutions on default prevention, debt management, college access and outreach services.

- At a time when default rates will increase due to a change in the calculation authorized by HEOA, is it wise to remove FFELP players from the scene?
- FFELP lenders, servicers and guarantors tailor programs on default prevention and debt management to institutions who have high default rates.
- FFELP partners provide workshops, presentations, loan counseling, financial literacy, career exploration, outreach programs, need-based scholarships, funding for college access, and research to improve the retention of low income students.
- FFEL lenders, servicers and guarantors offer free and individualized default avoidance services to help keep borrowers on track during repayment. During FY2007 more than $52 billion in delinquent FFEL loans were resolved as a result of these types of services.
- FFELP partners offer borrower benefits such as interest rate reductions and loan forgiveness.
- Unemployment rates are soaring to record highs, making the need for default aversion activities and the education on repayment options more apparent.

Eliminating the FFEL partnership will mean the loss of at least 35,000 jobs nationwide, with a ripple effect on thousands more.

- With the nation's unemployment rate rising to its highest level in over 25 years, this is not the time to eliminate thousands of jobs.

THE NORTH CAROLINA ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

NCASFAA

March 13, 2009

The Honorable Richard Burr
217 Russell SOB
Washington, DC 20510

Dear Senator Burr:

On behalf of the North Carolina Association of Student Financial Aid Administrators, I am requesting that you oppose the Obama administration's budget proposal to end the successful Federal Family Education Loan (FFEL) program and have all new loans after June 30, 2010 made instead under the Federal Direct Loan Program (DL). FFEL was established by the Higher Education Act of 1965 (then called "Guaranteed Student Loan"). The primary purpose of this program, which leveraged public-private partnerships and involved the states, was to allow access to college for disadvantaged students. This successful program has been in existence for over 40 years and now is in danger of being eliminated.

Our concerns are as follows:

According to the Administration, eliminating FFEL will save taxpayers an estimated $4 billion.

- The entire cost of DL is not apparent. The exclusion of administrative costs from credit reform calculations gives an unfair advantage to DL compared with loan guarantees.
- During 2007-2008, Direct Loan issued 2.9 million loans totaling $13.1 billion.
- According to Inside Higher Education, every $100 of FFEL loans issued during FY08 cost the government $1.72, while every $100 of DL loans cost $4.26.
- The current FFEL volume stands at $65 Billion. Without FFEL, the US Treasury will lend approximately $65 billion more, potentially adding $100 billion to the federal deficit through increased DL. A move to 100% DL could potentially add $1 trillion to the federal debt over the next 10 years.
- Taxpayers lose more when a student defaults on DL than on a FFEL loan. 100% taxpayer dollars for a DL loan and only 90-95% for FFEL loans.
- There are approximately $6 billion DL loans in default.
- DL cannot repay all of the money owed to the federal government/taxpayers. According to the Department of Education, DL owes the government $96 billion but only has approximately $86 billion in performing loans to pay off that debt.

FFEL lenders and guarantors provide college access and outreach services.

- FFEL partners provide workshops, presentations, loan counseling, financial literacy, career exploration, outreach programs, need-based scholarships, funding for college access, and research to improve the retention of low income students.
- In addition to these types of activities, lenders have taken the lead in efforts to improve access and retention of first generation and minority students. They also support programs focused on HBCU and Hispanic-serving institutions. Some FFEL lenders and guarantors also tailor specific programs on default prevention and debt management to HBCU institutions who historically have high default rates.

AMY L. BERRIER
2008-2009 NCASFAA PRESIDENT
P.O. BOX 26170 • GREENSBORO, NC 27402 • (336) 334-3372
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NDASFAA

North Dakota Association of Financial Aid Administrators

March 20, 2009

The Honorable Earl Pomeroy
United States House of Representatives
1501 Longworth Hart Office Building
Washington, D.C. 20515

Dear Representative Pomeroy:

On behalf of the North Dakota Association of Student Financial Aid Administrators (NDASFAA), I am requesting that you oppose the Obama administration's budget proposal to end the successful Federal Family Education Loan Program (FFELP) and have all new federal student loans after June 30, 2010 made instead under the Federal Direct Loan Program (DL). FFELP was established by the Higher Education Act of 1965 (then called the "Guaranteed Student Loan"). The primary purpose of this program, which leveraged public-private partnerships and involved the states, was to allow access to college for disadvantaged students. This successful program has been in existence for over 40 years and now is in danger of being eliminated.

The FFELP provides benefits to students, schools, taxpayers, and the economy. Because the private sector student loan program offers schools and students a choice of lenders, the private sector competes for this business. The competition, in turn, has lowered the costs of student loans, improved service to both students and schools, and led to the investment of millions of dollars in technology to improve service and loan processing. According to America's Student Loan Providers Web site, competition in the private sector student loan program has driven down the cost of this program to the point that in both 2003 and 2004 the lenders participating in the FFELP managed the entire program at no net cost to taxpayers – making it the only federal entitlement program to break even.

Federal student loans play an increasingly important role in the ability of students and families to make the dream of college a reality. When more Americans achieve higher education, the economy benefits. Access to and availability of low-cost federal student loans is more important now than ever. During the 2007-08 award year, students and parents utilized 13.7 million loans totaling 64 billion dollars from FFELP lenders to cover higher education costs. If the flow of these student aid funds were halted, or even slightly disrupted, the effects would be devastating to students and colleges.

There are other critical reasons to reconsider the elimination of the FFELP, including these:

- Offering borrowers a choice allows them to use a lender with a local presence. This often makes it easier for borrowers to contact the lender with questions which can affect accessibility on the front end and repayment on the back end.
- Allowing students and their parents to use the same lender for Stafford, PLUS and private loans makes service, follow-up and repayment easier for the borrower.
    - Under the proposed plan, students could end up with multiple holders of their various loan types.
- Currently all North Dakota higher education institutions are FFELP participants.
    - Forcing 100% DL participation in 2010-2011 will turn every North Dakota student borrower with prior loans into a "split borrower". Upon repayment, students will have at least two different lenders and servicers to repay. Many borrowers will unknowingly repay just one loan not realizing that they were forced to borrow through two separate loan programs requiring two separate loan payments, resulting in a major increase in student loan defaults. Consolidation is an option for some; however, for many it would cause undue hardship, with higher interest rates, loss of repayment benefits, and loss of grace periods.
    - North Dakota colleges and universities will be forced to change their processing and delivery systems, as well as policies and procedures in a short period. Many colleges may not be able to afford the monetary and time

New York State Financial Aid
Administrators Association, Inc.

March 18, 2009

Rep. George Miller
U.S. House of Representatives
2205 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Miller:

As President of the New York State Financial Aid Administrators Association (NYSFAAA) I represent over one thousand financial aid professionals as well as the millions of students and parents we serve. On behalf of both of these constituents I am writing to address two concerns. First, I want to thank you for seriously considering converting Federal Pell Grants into an entitlement program. Second, I need to share our concerns about the elimination of the Federal Family Education Loan (FFEL) program.

We applaud you and President Obama for working towards putting Federal Pell Grants on the entitlement side of the budget process. During the 2007-08 Award Year 5.4 million Students received 14.38 billion dollars from the Pell grant program. Without these funds, access to higher education in our state would be eliminated for thousands, while others would be forced into more loan debt than they already carry – assuming they have not already maxed out their loan eligibility, in which case they would fall in the category of lost access.

Pell Grant, formerly BEOG, has been a quasi entitlement from its inception. This guaranteed students their individual eligibility based on their income/family situation but it has always assumed appropriations. There have been consecutive years in which the award did not increase as well as some years when the award actually decreased. Most recently, in 2007-2008, the maximum Pell grant decreased. As a result of guaranteed funds from the *Higher Education Reconciliation Act* (HERA) the amount increased. However, it did not increase as much as congress wanted because of the lack of support in appropriations. President Obama wants to put Pell on "solid footing" by making it an entitlement program. We applaud the President's initiative because our country's most needy students deserve the right to know that they can rely on Pell Grant funding throughout their college enrollment, helping them to graduation and entry into the tax paying job market. His proposal of a Pell Entitlement with the proper starting point, and a guaranteed increase using the inflation index plus 1%, is something that the New York State Financial Aid Administrators Association thinks should have been legislated years ago.

stabilized the program and re-assured the public that access to a higher education would not be disrupted. ECASLA was then extended for a second year due to the fear that lenders would no longer be able to run and service the program.

The current proposal will once again destabilize the industry putting higher education access in jeopardy. At this time our government should be doing everything possible to create jobs and help save the financial industry. The result of eliminating FFEL would be tens of thousands of more people losing their employment and the end of an otherwise functioning financial industry (an industry that has functioned extremely well for decades while helping hundreds of millions of students get through college).

- Implementing 100% DL would forever burden the Federal Reserve with the requirement of making dollar for dollar delivery of funds to millions of students each year. When our economy was strong the lending partners were responsible for funding, distribution, and securitization, and they did it well. Commencing full DL will continue to add to the federal budget and the federal deficit.

- A mass influx of schools into DL will put a strain on services. We are confident that the delivery system can probably handle the enormity of additional volume that would be involved. The ability of servicing to keep up, however, is very questionable and would likely result in very poor portfolio management and increased default rates. If nothing else, the FFEL lenders, guarantors and servicers have done extremely well in their due diligence and have successfully reduced defaults over the years.

- We are concerned that the loss of FFEL would also reduce or eliminate the lenders who currently participate in the alternative loan programs – now known as Title X. If President Obama's budget and the congress were to include large increases in Stafford Loan eligibility, the availability of alternative loans will not be an issue. Consequently, we fully support increases to the Stafford program. Barring that, the elimination of FFEL would likely further impinge on alternative loan eligibility, impairing the country's middle class students' access to higher education. The affordability gap would have those students enroll in the lower cost city and state public institutions, reducing low income access to these institutions, and create a severe stress on these education systems.

Financial aid is about affordability and access. During these troubled times if anything can help us out of the recession and back to being internationally competitive it is the education of our youth and the re-education of our unemployed. Pell Grant entitlements are one of several promising steps towards the goal of a quality education for all who want it. Eliminating FFEL is contrary to that very same goal.

pasfaa

Pennsylvania Association of Student Financial Aid Administrators

www.pasfaa.org

March 19, 2009

The Honorable Arlen Specter
United States Senate
711 Hart Senate Office Building
Washington, DC 20515

The Honorable Robert Casey Jr.
United States Senate
383 Russell Senate Office Building
Washington, DC 20515

Dear Sirs:

On behalf of the Pennsylvania Association of Student Financial Aid Administrators (PASFAA), I am writing regarding President Obama's recently released 2009-2010 Federal Budget. We commend the President's commitment to making higher education a priority and we are pleased with his intentions and to boost funding for the Pell Grant and other student aid programs.

Of particular concern, however, is a proposal that mandates all federal student loans be made through the Federal Direct Loan Program (FDLP), fundamentally eliminating the Federal Family Education Loan Program (FFELP), from which our students have benefited for more than 40 years.

FFELP has been a successful public/private partnership with a long history of providing reliable access to higher education funding and providing our students with information on default prevention and financial literacy. PASFAA is an association of colleges, universities, business, trade and technical schools that enjoys participating in both the FFELP and the Federal Direct Loan Program (FDLP). PASFAA has a professional and long-standing working relationship with our state guarantor of record, the Pennsylvania Higher Education Assistance Agency (PHEAA). This relationship has served our students and staff very well.

Any additional changes in this current economic environment may have a significant impact on a student's ability to borrow and lead to the unintended consequence of students interpreting these changes as a reason that a higher education may not be an achievable goal. Our families look to our institutions for direction on all matters, including financial aid, and it is crucial that we are able to offer them viable solutions.

RIASFAA

President Obama recently released his proposed budget for FY2010, which contains a provision to eliminate the FFEL Program. As the Rhode Island Association of Student Financial Aid Administrators (RIASFAA) is made up of both FFELP and Direct Loan Schools, we remain committed to both programs.

RIASFAA does have some concerns, however, about the elimination of the FFEL Program and the ramifications of it. As NASFAA President Dr. Philip Day stated "The FFELP public/private partnership has provided millions of students with loans to attend thousands of higher education institutions across the country. Students and parents should not be negatively impacted by losing FFELP participant-provided services like college access programs, financial literacy education and loan delinquency and default prevention"

In Rhode Island, we have approximately five Direct Lending schools and seven FFELP schools. The two system approach has worked because it gives the schools a choice of which program best fits their institution. The timeline of this change will cause significant hardship for FFELP institutions, as the schools will not have enough time to make the necessary conversion, which will require hiring and training the staff needed to run this program.

We would like to say, however, that we are grateful to President Obama for taking measures to shore up the entire financial aid system and making it a priority in his new administration. For too long, financial aid in this country was greatly underfunded, and it is a relief to have a President that takes an active interest in not only preserving it, but also trying to make it more accessible to families.

Sincerely,

Diane Usher
President Elect
Rhode Island Association of
Student Financial Aid Administrators

Southern Association of
Student Financial Aid Administrators, Inc.
Since 1963

SASFAA

March 27, 2009

Dear Congresswoman Brown-Waite:

The Southern Association of Student Financial Aid Administrators represents over 1,200 financial aid professionals in nine states (including Florida) from various types of postsecondary institutions. As leaders in the financial aid field, our membership seeks to provide students with an awareness of financial aid and encouragement to apply for all funds for which they are eligible to receive. Our members are committed to serving students and providing the best information available on financial aid, scholarships, and financial literacy.

With this in mind, we want to commend the Congress on recent actions that seek to provide improved funding for the Federal Pell Grant Program and increases in the Federal Work-Study Program. Students will find college more affordable and attainable because of these efforts. We encourage you to continue to support additional funding for these programs which invest in the lives of students and create a well educated population, who become some of our most productive citizens.

While we are excited about the new support for the grant and work programs, we are concerned about the message students are receiving about student loans. For more than a decade we have seen the effectiveness of both the Direct Loan Program (DL) and the Federal Family Education Loan Program (FFEL) as they have worked in tandem. The competition has created a need for both programs to be creative with a focus on excellence. Recent indications that the FFEL Program will be dismantled have left schools in a state of limbo not knowing if they should immediately move to the DL Program, or stay with the program they know well, and that works best for their students.

The Southern Association of Student Financial Aid Administrators Executive Board supports the continuation of both loan programs and encourages Congress to publically support the dual program we now have. Legislatively we encourage Congress to ensure stability is restored in the FFEL Program, and that both programs have mirrored laws and regulations. By providing for the continued parallel track, we will stop the negative message students are receiving about student lending. Every time a student hears that a loan program may cease to exist, they assume, albeit incorrectly, that financial aid is going away. All of us must work diligently to ensure every student who needs the support of the financial aid programs is encouraged to apply. By clarifying the continued support for and existence of the FFEL Program students will have a confidence that education can be a reality.

Speaking for a wide range of direct stakeholders in the FFEL Programs, which include students, parents, postsecondary institutions, and financial aid administrators, we would like to share some perspectives that reinforce continuance of this vital program. Below are several key factors which should be considered in the Committee's review of the program.

vasfaa
Virginia Association of Student Financial Aid Administrators

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President-Elect
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Heather Hollandsworth
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March 19, 2009

The Honorable Jim Web
144 Russell Senate Office Building
Washington, DC 20510

The Honorable Jim Webb:

The members of the Virginia Association of Student Financial Aid Administrators share a common goal – how can we best serve students and families as they try to find a way to pay for college.

President Obama's budget proposal contains increased funding for several existing federal financial aid programs. On face value, this is a good thing. However, our support for this increased funding is tempered by the piecemeal approach the budget proposal represents.

In the recent past, there have been major changes to federal student financial aid programs from several pieces of legislation:

- Higher Education Reconciliation Act
- College Cost Reduction and Access Act
- Ensuring Continued Access to Student Loans Act
- Higher Education Opportunity Act.

In each case, these laws imposed changes on a federal financial aid system that had already been patched and repaired numerous times in the past. Additionally, many of the changes were made with little input or consultation with those who have to directly implement the changes – student financial aid administrators.

What we are left with is a system that is confusing and cumbersome not only for aid administrators, but also for the students and families it is supposed to serve. Several studies have shown that hundreds of thousands of students annually do not seek higher education because of the complexity of the student financial aid system.

Let there be no mistake – we support President Obama's call for increased funding of federal student aid, and especially increased funding of need-based aid. However, we believe that to do so within the context of the current student financial aid system is not the best way to achieve the President's goal of making America the most educated country in the world.

There have been several discussions in the financial aid community in recent months regarding the best way to reform the student financial aid system. Two efforts are particularly noteworthy:

Representative-At-Large
Melissa J. Barnes
Norfolk State University
mjbarnes@nsu.edu

Representative-At-Large
Kiesha Pope
J. Sergeant Reynolds Community College
kpope@reynolds.edu

Representative-At-Large
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wdw8m@uvawise.edu

SCHEV Liaison
Lee Andes
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WASFAA

Western Association of Student Financial Aid Administrators

March 20, 2009

The Honorable George Miller
Chairman, Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

The Honorable Howard McKeon
Ranking Republican Member
House Committee on Education and Labor
Washington, D.C. 20515

Dear Congressmen Miller and McKeon:

The Western Association of Student Financial Aid Administrators (WASFAA) is an organization that represents post-secondary educational financial aid professionals from Alaska, Arizona, California, Idaho, Nevada, Oregon, Washington, Hawaii, Guam, the Northern Marianas Islands and the Freely Associated Nations of the Pacific. On behalf of the more than 1100 members of WASFAA, we support a thoughtful and reasoned consideration of appropriate restructuring or creation of an efficient national student loan program that is cost effective. On that basis, we are writing to urge you oppose a rush to eliminate the viable, Federal Family Education Loan (FFEL) program prior to the full consideration of alternatives such as the proposed National Association of Student Financial Aid Administrators (NASFAA) model. We understand that the FFEL program has been subjected to uncertainty this academic year because of the turmoil in the financial markets. However, many states and regions have written letters urging that the FFEL program that presently serves over two-thirds of our students and has done so for over 40 years, be retained. In the WASFAA region this would affect 2,211,336 students who utilize the FFEL Stafford and 569,110 students who utilize the DL Stafford.

We feel in that light of the preliminary release of the new student loan model proposed by NASFAA, that there are also other options being put forth that would support choice for students, families and schools and continue a private and public collaboration for the benefit of all. We call on you to allow for a chance for a thoughtful, deliberative process that can perhaps present a new loan program that will take in the best of the present multiple loan programs and not have to decide on supporting the Direct Loan program over FFEL or maintaining both programs. The budget process should not drive student loan policy. The decision being proposed to change the major student loan program affecting millions of students should be subject to open debate to prevent unintentional negative consequences

We were encouraged by the support for higher education that was evident in the Fiscal Year 2010 budget framework and support many of the other items including the increase to the Pell Grant. However, to deliver real support for education, the benefit to one program should be supported with new funding and not the elimination or reduced benefit of other financial aid programs. Thank you for your consideration of our request for time to develop the best possible student loan program for our students.

Sincerely,

Pat Peppin
WASFAA President
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Tami Sato
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Southern CA College of Optometry
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cc: The Honorable John Spratt
The Honorable Paul Ryan

The Honorable Herb Kohl
United States Senate
330 Hart Senate Office Building
Washington, DC 20510-4904

March 26, 2009

Dear Senator Kohl:

I am writing on behalf of the Wisconsin Association of Student Financial Aid Administrators (WASFAA). Our association has members from over 70 public and private colleges and educational institutions in Wisconsin.

I am requesting that you oppose President Obama's budget proposal to eliminate the successful Federal Family Education Loan Program (FFELP). The budget proposal suggests that all federal loans created after June 30, 2010 would be issued through the Federal Direct Lending (DL) program.

Access and availability of low-cost federal student loans is more important now than ever. Federal student loans play an increasingly important role in the ability of students and families in Wisconsin to make the dream of college a reality. During 2007-2008, students and parents utilized 13.7 million loans totaling 64 billion dollars from FFELP lenders to cover higher education costs. If the flow of these student aid funds were halted, or even slightly disrupted, the effects would be devastating to students and colleges.

FFELP has been in existence for over 40 years providing a choice for students and families. It has provided a means for students from Wisconsin to achieve their higher education dreams. Eliminating FFELP would extinguish healthy choice and place unnecessary hardship on students, families and higher education institutions.

In addition, FFELP providers have partnered with schools to address default issues and offer default aversion services to borrowers.~ Default rates are at historic lows as schools, lenders, guaranty agencies, and servicers have implemented sound proactive default management practices and support to reach students before loans become delinquent. During FY2007 more than $52 billion in delinquent FFEL loans were resolved as a result of these types of services.

FFELP partners provide workshops, presentations, loan counseling, financial literacy, career exploration, outreach programs, funding for college access, and research to improve access and retention of low income and first generation college students.

Therefore, WASFAA urges you to vote against the Administration's Budget proposal to eliminate the Federal Family Education Loan Program. We would encourage a bipartisan emphasis to preserve a strong private sector-based federal student loan program that provides student and parent borrowers a meaningful choice in paying for an education.